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A-ONE #0614 04/02/04

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->From the Editor's Keyboard "Saying it like it is!"
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Over the years, we've pulled off some pretty interesting April Fools jokes with our readers - both here at A-ONE and during our days with STReport. I had a few interesting ideas for a "hoax" this year, but thought better of it. Not that I was concerned about writing them, but of the timing. There's nothing worse than trying to fool people right after April Fool's Day! It just won't get pulled off, no matter how convincing one might be! So, we'll file these ideas away for another year!

What dreadful spring weather we're having! I swear that we're going to just pass spring by and end up with summer. It's been raining for two days now. The report earlier this evening was that we've already had seven inches of rain, with another 24 hours of rain to go. I don't mind the rain too much as long as I can put a jacket and hat on, and grab an umbrella if I need it. But try having to take out two dogs for their hourly jaunt - and they're just crazy enough to stay out a little longer than they need! Buffy, the double-coated long-hair, is like a sponge! She soaks up that rain like there's no tomorrow. Drying her is an adventure! Butkus is the short-haired one; and he likes to rub up against you to get dry, rather than allow you to effectively dry him off with a towel. We end up as wet as if we went out without any rain protection at all! I guess that if there's any positive side to all of this, if it had been snow, we'd be buried in about three or more feet of it by now.

As you'll read on further in this week's issue, the war is still raging globally against spam. I think that we'll win a number of major battles, but I'm not sure if we'll ever really win the war. It's going to take some really tough worldwide legislation to attack this menace; and even then, I'm not sure it's going to be enough. We'll see. Meanwhile, I continue to delete about 30-50 spam messages from my various e-mail accounts on a daily basis. It's almost become an expected daily routine. I think that my delete function is going to burn out from overuse soon!

Until next time...

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PEOPLE ARE TALKING
compiled by Joe Mirando

joe@atarinews.org

Hidi ho friends and neighbors. It’s been rainy for what seems like a month (it hasn’t really been a month, it just seems like it), and I’m starting to understand those people who complain about their joints aching when it rains out. I mentioned once or twice... or more... that I’ve got a herniated disc and arthritis in my neck. Well, this wet weather is proving to me that rain DOES antagonize arthritis. All I can do is hope for some sun and warmth sometime soon.

On another note, my wife mentioned to me last week that she got a kick out of seeing one of the contestants from ’American Idol’ on TV. "He was one of the first ones cut", she said. Instantly, I knew who she meant.

I did some searching around and found an MPEG of the guy, William Hung. He’s the one that sang Ricky Martin’s "She Bangs" for his audition. As I played the MPEG, I was amazed that I couldn’t stop laughing. The kid (I don’t mean anything derogatory here, he’s a youngster by my standards) sang for all he was worth and even attempted some form of choreography. Unfortunately, he showed very little talent in either area.

At first, I thought I was laughing just because he wasn’t what one would expect to see on a singing-and-dancing show. But it was more than that. The guy was enjoying himself. He was singing for all he was worth, and rockin’ to beat the band, regardless of what anyone else was going to think or say about it.

And now, despite the fact that he got ’cut’ from the show, regardless of the fact that he’s not ’the idol type’, he’s got a record deal and a string of concerts.

Now why would there be so much interest in someone who "can’t sing and can’t dance" as that mean Simon put it? I’ve thought about it quite a bit, and I keep coming back to one thing... he’s the every-man. He represents all of us who sing in the shower or ’bust a move’ when no one is looking. Those of us who lead average lives and would like to be noticed for something exceptional just once.

Most of us will never get the chance that William Hung got. And even if we did, there’s only a very slight chance that we’d handle negative feedback with the grace and upbeat mood that he did.

William, should you happen to see this, keep on enjoying yourself!

Now let’s get to the news, hints, tips and info available from the UseNet.

## From the comp.sys.atari.st NewsGroup

Joakim H?gberg posts this news about NEWSie:

"The sources for NEWSie has been released under GPL.

>From www.atari-users.net:

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Yes, that is right: NEWSie! This application has probably been the first internet application for many Atari users through the years, offering support for usenet and pop-mail as well as ftp. Even though NEWSie has not been updated in ages, it has been put to good use by many users that are active on usenet. As any application that has not had an update for years and years, there are things that isn't working as smoothly as one might wish. And also bugs that would need to be squashed.

For anyone interested in either doing a major rehaul, fixing bugs or perhaps just learn more about how to do FTP/USENET/POP-MAIL, the sources are now available."

Mark Duckworth tells Joakim:

"Congrats joakim!  Congrats atarians!  As cool as Troll is, it's not free and it doesn't work (for me)."

Martin Byttebier tells Joakim and Mark:

"Hm, Newsie is not my thing. For some reason I never loved it. In the past I tried to used it but ... no love at all. My favourite newsreader is Okami. Unfortunately the development of Okami seems to be stopped.

Anyway, I'm glad to hear Troll doesn't work for you too. On my system I can't get Troll pass the authentication."

Lonny Pursell adds his thoughts:

"Awesome!  Now if someone would just add usenet filtering it would be the biggest update newsie has ever seen."

John Garone adds his thoughts:

"My 2 cents is fix the bugs first!"

Lonny replies:

"That goes without saying."

John continues:

"Especially the one that corrupts files within the folder or drive that Newsie is located! For me, second would be being able to see ALL the posts and correct the # of posts available for download. If I set it for 999/9999 I get only 650 (compatibility issue?)"

Neil Roughley adds his thoughts:

"It might be that your news server doesn't keep a large archive of previous posts, deleting them in order of age, let's say, after two

months or so. The limit of each newsgroup, depending on how much traffic it gets, will vary too.

As for all the current posts, again it might be your news server. Why not try a commercial service? I use NewsGuy (http://newsguy.com/). Cost is about 11 cents a day for a basic account. For comp.sys.atari.st they have about 2500 previous posts, but the important thing is that their feeds are reliable and comprehensive. Configuration is easy: just add their NNTP host and your username and password.

As for the corruption problem (which I experienced), only a rewrite of NEWSie will cure that."

Claude Bourgoin asks about upgrading the memory in his TT:

"I have the  Atari TT-RAM board (CA401058 ) and I removed the 1 meg simms and replaced them with 4 meg simms. It seems that the TT030 doesn't recognize the 4 meg simms. When I boot the TT it does the test on the STram and then does the test on the TTram but still only shows 4 meg of memory instead of 16 megs for the TTram. When I change jumper settings according to Funky=Ware TT030 web page the TT doesn't even run the TTram test. Has anyone run into this problem."

'Jean-Luc' tells Claude:

"Yes : only 8 or 9 chips modules will run on to this board, though I don't remember if it must be EDO or FPM.
A google search across the french NG will bring you to a thread I started 1+ year ago, in which I think you might find useful infos.
You might do a search in this NG too, as I think the subject has been discussed more than once."

David Wade adds:

"Just check the jumpers on the card. The settings are a bit odd if I remember properly...:

Bark Bedingfield tells Claude:

"Found this for you.

You may need nibble mode ram

http://www.geocities.com/siliconvalley/peaks/6320/ard/help/ttram01.htm

not easy to find."

Jom DeClercq adds:

"I have not [run into this problem], but that has never stopped anyone else.

You might check the number of chips on those 4 meg simms. It may be that three-chip simm will not work, and four-chip will.

If all else fails, I have one of those TT-RAM boards, and have no need for it, and am willing to send it, for the cost of packaging and postage, to any place in the world. Yes, I paid for it, but it needs a better home."

Brandon Alexander asks about his Mega’s hard drive:

"I am not able to access the hard drive on my Mega ST. However the machine will boot up with regular TOS disks and behave much like an ST-1040.

This started a while back.  If I remember correctly there are certain boot programs it needs to boot. What I did was erase or rename those programs because I could not get GDOS programs to run. Once I did I could not get the hard drive back. It’s there and purring but again will not boot, and does not show up on the desktop.

At any rate if somebody knows how I can access the hard disk please advise."

My old buddy Sheldon Winick tells Brandon:

"Dig out the "Atari Hard Disk Utilities" floppy that came with your computer. You’ll find the AHDI and HDX programs necessary to boot your hard disk and reinstall whatever you deleted."

Brandon replies:

"Thanks for the information.

Appreciate the suggestion but I don’t have any of the disk utilities. I bought this computer 2nd-hand. All that came with it was a Cubase disk.

If you have those utilities I would like to have copies. "

’Tim’ tells Brandon:

"Yes do a search for AHDX on the net and you will find sites that have this for download.  Then copy or unzip the files to a 720kb disk and run it on the Mega ST."

Well folks, that’s it for this week.  Until next time, keep your ears open so that you’ll hear what they are saying when...

PEOPLE ARE TALKING

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->In This Week’s Gaming Section  - Microsoft Cuts Xbox Price!

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->A-ONE's Game Console Industry News  -  The Latest Gaming News!
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## Microsoft Cuts Xbox Price to Boost Sales

Microsoft Corp. on Monday cut the price on its Xbox video game console in a move seen as a boost to the game publishing industry ahead of its biggest gathering of the year in May.

The price cut boosted shares in game retailers and was hailed by analysts as a catalyst for more share gains in the coming weeks.

Microsoft, based in Redmond, Washington, cut the Xbox price to $149.99 from $179.99 and also trimmed prices on software such as the karaoke game "Xbox Music Mixer," "Project Gotham Racing 2" and "Crimson Skies: High Road to Revenge."

The Xbox price cut is effective Tuesday, while the software cuts take effect Monday and Tuesday.

"Hardware price cuts should benefit video game publishers and retailers. A lower hardware price point should translate into higher hardware unit sales," Banc of America Securities analyst Gary Cooper said in a note.

"In turn, a larger installed base of hardware should lead to higher sales of video game software. In particular, we believe that these price points will appeal to a more mass-market audience," he said.

Shares in the specialty game retailers, Electronics Boutique Holdings Corp. and GameStop Corp., were up on the news. Both had built price cuts into their outlooks for the year, and other retailers said the move was good news as well.

"We know price cuts have usually increased public interest in (gaming) products in the past and we expect that to happen in this go-round." Circuit City Stores Inc. spokesman Jim Babb said.

The Xbox was released at $299 in November 2001. The price dropped to $199 in May 2002 at the E3 industry trade show and to $179 in May 2003, at the same event. The new price was widely expected to come at some point before this year's E3.

The 2002 price cuts led to a sharp upsurge in sales of game consoles and software in what otherwise would have been the relatively quiet summer months. However, the cuts in 2003 were smaller than many expected and had little effect.

The move is a change in strategy for Microsoft, which previously cut the Xbox price only after similar pricing moves from industry leader Sony Corp. on the PlayStation 2.

While many analysts expect Sony to eventually match Microsoft’s latest pricing move, there was some doubt on Monday that the cut would come immediately. Sony executives said last week that their decisions on the future of the PS2 would not be determined by competitive pressure in the marketplace.

"We believe that a price cut of consoles will be beneficial for video game publishers and could signal a price cut of the PS2 soon, although we believe that Sony faces a Japanese accounting hurdle if it cuts the price of the PS2 prior to April 16 (within two weeks following the close of its fiscal year)," Wedbush Morgan analyst Michael Pachter said in a note.

Since early this year, analysts and publishers have called a move to $149 necessary for the game industry to achieve its growth targets for the year, and some have even raised the idea of prices going to $129.

"We doubt a $149 price point will be enough to drive (calendar 2004) hardware unit sales above 2003 levels," Piper Jaffray analyst Tony Gikas said in a note last Friday predicting the price cut.

"We estimate that a $129 price point on (Xbox) and (PS2) would result in 1.5 million additional hardware unit sales during 2004 compared to the $149 price point," he said.

Shares in game publishers were broadly higher in afternoon trade. Shares of Microsoft, which loses money on Xbox sales but makes money on sales of video games, rose 20 cents to $25.23 on Nasdaq.

Video game hardware and software sales come to $10 billion a year in the United States. A new generation of consoles to replace the Xbox and the PS2 is expected in about the next two years.

## Sony Sees 10-Year Life for PlayStation 2 Console

Sony Corp. believes that its market-leading PlayStation 2 video game console can continue to sell until 2010, twice as long as most in the industry had assumed was possible, an executive of Sony’s U.S. video game unit said on Thursday.

In a keynote address at the Game Developers Conference in San Jose, California, Andrew House, executive vice president of Sony Computer Entertainment of America, said the success of the original PlayStation, nearing its 10th anniversary, had convinced the company that two-thirds of its potential PS2 sales were yet to come.

The PlayStation 2 was released in 2000 in the United States and game industry observers have expected Sony and rival Microsoft Corp to shift their marketing efforts to next-generation game machines in 2005 or 2006.

"There are some huge potential gains for us later in the life cycle," House told a packed auditorium.

But with the lengthening of the sales window for PS2, he said, Sony and

the industry will also have to consider the advancing age of the people who own and buy the hardware.

"We have to think very carefully about the type of audience we're reaching with our games," he said.

House also sought to quash speculation that Sony might accelerate development on its next console, the PS3, to keep up with Microsoft Corp., which many in the industry have speculated is preparing the successor to its Xbox console for 2005.

"Competitive movement will not be a factor in determining our launch release plans," he said.

But what drew the closest attention from the developers on hand was the few words House said about the PSP, a portable system expected to rival the PS2 in power and capabilities.

The device will have a wide-screen format, wireless Internet connectivity and a proprietary storage device, the UMD, with three times the capacity of a CD-ROM.

House was joined on stage by a team from Backbone Entertainment, which showed a brief demo of its game "Death Jr." running on a PC with PSP emulation software. The game drew heavy applause from the crowd, with those who saw the demo admiring the platform's graphics capabilities.

While "Death Jr." was popular, though, the star of the keynote was an unlikely American pop hero - William Hung, who gained fame as a talent-show contestant with limited talent on the TV series "American Idol."

Hung, who has devoted legions of fans and a record deal, sang and danced to the song "YMCA" with Sony's EyeToy, a device that connects to the PS2 and translates the player's motion into on-screen action. He was using "EyeToy: Groove," an upcoming game for the system.

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A-ONE's Headline News
The Latest in Computer Technology News
Compiled by: Dana P. Jacobson

## Spam-Busters Say They're Winning the War

They're the scourge of the electronic age - the modern-day equivalent of the 19th century snake-oil salesmen hawking their miracle cures, love potions and get-rich-quick schemes.

Like the rain in Ireland, there seems no escape from the tide of "spam," or junk e-mail flooding the Internet.

But operating from the backstreets of the Irish capital, a small team of spam-fighters says it's winning the battle against unsolicited e-mail that

costs big business billions of dollars a year.

During the European day, employees at spam-filtering company Brightmail are engaged in a war of attrition against the propagators of unwanted e-mail all over the world before passing the baton to colleagues in San Francisco.

Spam-filtering companies like Brightmail have their work cut out since figures show the amount of junk e-mail surpassed legitimate e-mail for the first time ever last year.

And, police say, organized crime gangs are using spam to defraud online banking customers and distribute computer viruses capable of taking over an unsuspecting computer user’s machine.

To this end, they were given a recent boost by news that four of the biggest U.S. e-mail providers had sued hundreds of online marketers under a new federal law that bans the worst kinds of "spam" e-mail. And, the legal clampdown will intensify in Europe in the coming months, industry officials say.

"A year ago people were scared that e-mail was going to stop being useful because the amount of spam was increasing so quickly but now it’s starting to come under control," said Ken Schneider, Brightmail’s chief technology officer.

Brightmail filters 80 billion e-mails a month, blocks two billion spams a day and looks after 300 million e-mail boxes the world over.

Since setting up in 1998, it has filtered spam for some of the world’s most prominent service providers, ranging from telecoms giant AT&T, EarthLink and Microsoft Corp’s MSN in the U.S. to BT Openworld and Demon Internet in Britain.

The Dublin office has been up and running for two years, with Brightmail taking advantage of the relatively low-cost base and highly-skilled workforce on offer in Ireland.

Part of the problem is deciding what does and doesn’t constitute spam, which Brightmail estimates makes up around 60 percent of all Internet e-mail.

"We all receive unsolicited messages on a daily basis from our boss asking us to do something," said Schneider. "You might consider it unwanted e-mail but it’s not generally thought of as spam."

The problem comes with unsolicited e-mail that is sent in bulk to random addresses with varying subject lines to disguise their true intent.

Brightmail has two million decoy e-mail accounts in existence which attract unsuspecting spam e-mail and forward it to Dublin for analysis.

Rules are then written about how to block particular types of spam and are sent out to Brightmail’s customers to halt spam attacks in their tracks.

"We prioritize our attacks and go after the biggest first," said Schneider.

He estimated the number of spammers around the world to number under a thousand with many buying CDs containing millions of email addresses which they use to ply their trade.

"You find some people who deny it’s spam and tell you they bought the e-mail addresses and you have to explain to them that the recipients never agreed to receive it," Schneider added.

## Making One Spammer Pay

Finally, some payback for all that spam.

It’s a 2002 Porsche Boxster S that will be the grand prize in an America Online sweepstakes starting Tuesday.

AOL obtained the car in settling a lawsuit against "a guy who by our estimates made more than a million dollars from spamming," said Randall Boe, AOL’s executive vice president and general counsel.

Although the company has previously won cash judgments and destroyed computers used in spamming, Boe said the latest case "represents us moving beyond that to the toys, the fruits of spam. We’ll take cars, houses, boats, whatever we can find and get a hold of."

The sweepstakes is open until April 8. Adult AOL members living in the continental United States are eligible, and they can enter only online.

The two-door, metallic silver gray Porsche with a leather interior has 18,000 miles on it and retails for $47,000, according to AOL.

Boe said the spammer was sued last April and the car had California plates. He gave no other details, citing confidentiality terms of the settlement.

In that round of five federal lawsuits, AOL targeted individuals and companies accused of sending a combined 1 billion junk messages to AOL members, pitching pornography, college degrees, cable TV descramblers and other products.

Boe said seized assets are usually cash and are used to pay lawyers, develop anti-spam technology and expand the anti-spam team. He said spammers are often forced to sell houses or other tangible assets.

AOL made an exception in this case and took the car because of its "symbolic value," Boe said. "Here was a spammer who made some money fast. He bought himself a Porsche."

Boe said he hoped the publicity would deter spammers, though he acknowledged it wouldn’t end spam.

## EU Orders Legislation on Spam, Cookies

The European Union ordered eight countries Thursday to enact privacy legislation governing "spam" e-mail and Internet "cookies."

It was the second warning sent to the countries, which have two months to comply or face lawsuits before the European Court of Justice.

Since the initial warning was sent last November, Sweden has enacted the

legislation, but Belgium, Germany, Greece, France, Luxembourg, the Netherlands, Portugal and Finland have not.

"We are determined to keep up the pressure," EU Commissioner Erkki Liikanen said. "The directive is vital to ensure action can be taken and enforced at a national level in the fight against spam."

Last July, the EU adopted a tough privacy regulation on electronic communications. It bans all commercial e-mail unless a recipient has asked for it. The regulation also sets strict rules for installing Internet "cookies," which hook a computer into a Web site.

However, the regulation must be approved by each national parliament to become effective.

The EU's difficulty enforcing its own regulations could undercut attempts to get other countries to join the fight against spam.

About 53 percent of all e-mail in the 15-nation EU is unsolicited commercial bulk e-mail, according to statistics published by Brightmail Inc., an anti-spam technology company. About 80 percent of spam is believed to come from North America.

Under U.S. law, no prior permission is required for sending commercial messages as long as the recipient is given a chance to "opt out" of receiving future messages from the same sender.

The EU has called on the 30-nation Organization for Economic Cooperation and Development to step up international efforts to curb spam.

## N.Y. Board to Hold E-Mail Spam Contest

It's called the "Spam and Bologna" contest.

In an effort to expose e-mail scams, the state Consumer Protection Board is holding an international competition to find the most outrageous examples of these fraudulent notes on the Internet.

"Advance-fee e-mails try to lure victims with fantastic tales of lost fortunes. But this spam is bologna," said Teresa Santiago, chairwoman and executive director of the board.

Santiago hopes the contest - where the winner receives nothing and the second prize is bologna - will prevent more Internet users from falling for e-mail scams promising lost fortunes or hidden bank accounts to be shared with persons willing to put money up in advance.

"Sadly many people, especially the elderly, have lost thousands of dollars to this scheme, which is one of the largest and oldest on the Internet," Santiago said. Variations of the scam date back more than 100 years.

The board said advance-fee e-mails, also known as "Nigerian" and "419" e-mails, are received weekly by millions. The sender often poses as the relative of a dead or jailed leader, a bank official or another fictitious person looking for help.

To enter the "Spam and Bologna" contest, interested parties should forward

the scam e-mails to the Consumer Protection Board at contest@consumer.state.ny.us. The contest ends May 2.

## Overseas Groups Take on Music Swappers

The music industry's campaign of lawsuits and threats against song-swappers moved overseas Tuesday as trade groups went after 247 people in Europe and Canada they accused of piracy.

The London-based International Federation of the Phonographic Industry (IFPI) said individuals in Germany, Denmark, Italy and Canada had been hit with lawsuits, criminal charges or threatening letters.

The IFPI promised similar actions in other countries in the coming months. National music-industry groups in Sweden and Britain recently began warning users of online song-sharing networks by sending them online instant messages.

"This is our first coordinated effort to take this campaign over the range of countries where file-stealing is a problem," said Allen Dixon, general counsel and executive director of the IFPI, which represents the recording industry worldwide.

The group claims piracy is behind a five-year global decline in music sales. It said worldwide sales of recorded music fell 7 percent in 2002, with a similar plunge expected in 2003 figures.

The Recording Industry Association of America began targeting individual file sharers last fall and has sued 1,977 people. The RIAA has settled some 400 cases, generally for a few thousand dollars each.

The actions in Europe and Canada were taken by national recording industry groups affiliated with the IFPI. The targets were people who made at least hundreds of songs - 54,000 tracks in one Danish case - available for distribution and copying on free file-sharing services, Dixon said.

The tactics differed in each country, but in each instance the IFPI hopes to wrest a few thousand dollars in fines or settlements.

More than 120 people in Denmark were sent letters demanding that they stop illegal file-sharing and pay compensation - or face lawsuits. In Germany, 68 people were reported to law enforcement authorities, while 30 Italians were charged with copyright infringement.

In Canada, 29 people were sued on copyright infringement claims.

In most cases, the industry had the full cooperation of Internet service providers in identifying the defendants, except in Canada, where the recording industry filed its cases against unidentified people it hopes to unmask later.

Analyst Phil Leigh of Inside Digital Media said he thought the actions probably would have a chilling effect, as the RIAA cases have. If people are scared into ceasing to share their music collections online, free downloading services like Kazaa will lose their value internationally.

But Leigh pointed out that the U.S. lawsuits came as the industry began to

provide strong alternatives to illegal song-swapping - commercial downloading services including iTunes, Napster 2.0, MusicMatch and Rhapsody. Those services have yet to work out the licensing and logistical issues needed to launch outside the United States.

Leigh expects the music industry to come under fire in Europe and Canada for assuming the RIAA tactic without aggressively launching commercial services there.

So far, licensed commercial download services in Europe are "small little operations," Leigh said.

Cases against individual song swappers have been contentious in the United States, where Verizon Communications Inc. successfully challenged the industry's use of subpoenas to seek identifying information about Verizon's Internet subscribers.

A U.S. appeals court ruled in December that the recording industry can't use the subpoenas to force Internet providers to identify file-swappers unless a lawsuit is first filed. In response, the music industry has sued "John Doe" defendants - identified only by their numeric Internet addresses - and expects to work through the courts to learn their identities.

Jonathan Zittrain, co-director of the Berkman Center for Internet and Society at Harvard Law School, said it's unclear whether the RIAA's lawsuits in the United States have significantly reduced free music downloading.

But he said the cases are part of a broader strategy for the recording industry.

Zittrain believes the industry eventually plans to sue Internet service providers (ISPs) directly for failing to police piracy on their networks. If so, he expects the record labels will point to the individual lawsuits filed in the United States and now in Canada and Europe and say, "Look, we have been trying everything - it hasn't been effective," Zittrain said.

"I think the ISPs are quietly worried about it."

## File-Sharing No Threat to Music Sales

Internet music piracy has no negative effect on legitimate music sales, according to a study released today by two university researchers that contradicts the music industry's assertion that the illegal downloading of music online is taking a big bite out of its bottom line.

Songs that were heavily downloaded showed no measurable drop in sales, the researchers found after tracking sales of 680 albums over the course of 17 weeks in the second half of 2002. Matching that data with activity on the OpenNap file-sharing network, they concluded that file sharing actually increases CD sales for hot albums that sell more than 600,000 copies. For every 150 downloads of a song from those albums, sales increase by a copy, the researchers found.

"Consumption of music increases dramatically with the introduction of file sharing, but not everybody who likes to listen to music was a music

customer before, so it’s very important to separate the two," said Felix Oberholzer-Gee, an associate professor at Harvard Business School and one of the authors of the study.

Oberholzer-Gee and his colleague, University of North Carolina’s Koleman Strumpf, also said that their "most pessimistic" statistical model showed that illegal file sharing would have accounted for only 2 million fewer compact discs sales in 2002, whereas CD sales declined by 139 million units between 2000 and 2002.

"From a statistical point of view, what this means is that there is no effect between downloading and sales," said Oberholzer-Gee.

For albums that fail to sell well, the Internet may contribute to declining sales. Oberholzer-Gee and Strumpf found that albums that sell to niche audiences suffer a "small negative effect" from Internet piracy.

The study stands in opposition to the recording industry’s long-held assertion that the rise of illegal file sharing is a major cause of declining music sales over the past few years. In making its case, the Recording Industry Association of America (RIAA) points to data showing that CD sales fell from a high of more than $13.2 billion in 2000 to $11.2 billion in 2003 - a period that matches the growth of various online music piracy services.

The RIAA has fought illegal music swapping by filing a raft of lawsuits against hundreds of individuals suspected of engaging in music piracy, as well as suits targeting companies like Kazaa and Grokster that make software or run Internet downloading services.

Wayne Rosso, president of the Madrid-based file-sharing company Optisoft, said he hoped the study would spur the RIAA to abandon litigation and look for ways to commercialize file sharing. "There’s no question that there is a market there that could easily be commercialized and we have been trying for years to talk sense to these people and make them see that," he said. Rosso formerly ran the Grokster file-sharing service.

Eric Garland, chief executive of Big Champagne, an Atlanta company that tracks file-sharing activity, said the findings match what his company has observed about the effect of file sharing on music sales. Although the practice cannibalizes some sales, it may promote others by serving as a marketing tool, Garland said.

The RIAA questioned the conclusions reached by Oberholzer-Gee and Strumpf.

"Countless well respected groups and analysts, including Edison Research, Forrester, the University of Texas, among others, have all determined that illegal file sharing has adversely impacted the sales of CDs," RIAA spokeswoman Amy Weiss said.

Weiss cited a survey conducted by Houston-based Voter Consumer Research that found those who illegally download more music from the Internet buy less from legitimate outlets. Of respondents ages 18-24 who download, 33 percent said they bought less music than in the past year while 21 percent bought more. Of those ages 25-34, the survey found 25 percent bought less and 17 percent bought more, Weiss said.

Larry Rosin, the president of Somerville, N.J.-based Edison Media Research, said it was absurd to suggest that the Internet and file sharing have not had a profound effect on the music industry.

"Anybody who says that the Internet has not affected sales is just not paying attention to what is going on out there," he said. "It's had an effect on everything else in life, why wouldn't it have an effect on this?"

Edison Media Research has done a series of surveys for a music industry trade publication to track the effect of online file sharing on music sales. Rosin said while file-sharing networks can generate advertising value for some CDs, the net effect of file sharing on music sales has been negative.

The Harvard-UNC study is not the first to take aim at the assertion that online music piracy is the leading factor hurting music sales. In two studies conducted in 1999 and 2002, Jupiter Research analyst Aram Sinnreich found that persons who downloaded music illegally from the Internet were also active purchasers of music from legitimate sources.

"While some people seemed to buy less after file sharing, more people seemed to buy more," Sinnreich said. "It was more likely to increase somebody's purchasing habits."

The 2002 Jupiter study showed that people who traded files for more than six months were 75 percent more likely than average online music fans to spend more money on music.

Sinnreich, no longer with Jupiter, has appeared in court as an expert witness on behalf of Grokster, a popular music downloading site that was sued by the recording industry for facilitating music piracy. In that case, a judge ruled that Grokster and several other services that distribute peer-to-peer software could not be shut down just because the software was used to violate intellectual property rights.

## IBM Goes for Jugular in SCO Suit

IBM is going for the throat in its fight with the SCO group, seeking dismissal of the copyright-infringement case that has stretched on for over a year.

Big Blue late last week filed a series of counterclaims against SCO, in essence asking U.S. district court judge Dale A. Kimball to throw out the case. "IBM does not infringe, induce the infringement of, or contribute to the infringement of any SCO copyright through its Linux activities," the company claims, "including its use, reproduction and improvement of Linux." IBM also maintains that SCO's copyrights in Unix are invalid.

IBM also is suing SCO for compensation for damages - based on the misuse of rights to the Unix OS and infringement of IBM's own copyrights and patents - in an amount to be determined at trial. In a countersuit it filed against SCO in August, IBM claims SCO violated Linux's General Public License (GPL), as well as a number of IBM patents.

The latest legal volley could represent a turning point in the ongoing battle, with IBM landing a knockout punch if Kimball decides to dismiss the case. "It's not surprising that IBM would do this and try to end the fight early," Yankee Group analyst Laura DiDio told NewsFactor. "But it sure took them a long time to react to the threat."

SCO, which has become public enemy No. 1 in the open-source world, launched the battle's first salvo last March, alleging that code from Unix System V software was integrated into Linux improperly, and that IBM bears ultimate responsibility for putting it there. SCO then filed a lawsuit seeking US$5 billion in damages from IBM.

Earlier this month, SCO brought its first suits against enterprise-Linux users, charging auto-parts vendor AutoZone and automaker DaimlerChrysler with copyright violations. Novell also has been named as a defendant in a legal action initiated by SCO. In response, Linux vendors Red Hat, HP and Novell are offering various types of indemnification to customers against copyright-infringement claims.

As for the amended counterclaims submitted by IBM, DiDio said the company apparently feels confident in its position. But, she added, a favorable ruling is not a foregone conclusion. "The whole case has been blown out of proportion with claims and counterclaims, and Linux extremists have been fanning the flames."

Still, the case has ramifications for IBM's reputation, which has suffered along with SCO's, during the length of the dispute, DiDio said. "This still has a long way to go," she predicts, pointing out that the discovery process alone is expected to take years.

## Sun, Microsoft Make a Billion Dollar Deal

Sun Microsystems has entered into a "broad cooperation agreement" with Microsoft and settled all outstanding litigation, the company says.

Microsoft will pay Sun $700 million to resolve all pending antitrust issues and $900 million to resolve all patent issues, the Santa Clara, California, company says in a release.

Both companies have also agreed to pay royalties for each other's technologies with Microsoft making an up-front payment of $350 million and Sun making payments whenever it uses Microsoft's technology in its server products, Sun says.

Declaring a new relationship between itself and Microsoft, Sun also says that the companies have agreed to enable their products to better work together and have entered agreements on patents and other issues.

The agreement includes technical collaboration, giving access to each other's server technology, as well as Sun's licensing of Microsoft's communications protocols and Microsoft support of some Sun products.

Sun also announced that it has promoted software head Jonathan Schwartz as the company's new president and chief operating officer.

## Count on Longhorn for 2006 - Maybe

Bill Gates, Microsoft chairman and chief software architect, teased an audience of nearly 8000 Monday at Gartner's annual symposium, ITexpo, an event that focuses on emerging technologies, trends and opportunities. In

his address, Gates acknowledged that the industry buzz placing the release of Longhorn in 2006 is "probably valid speculation."

The on-again, off-again release date for the next version of the Windows operating system has fluctuated for more than year. At one time, Microsoft thought it would release Longhorn in 2004. As recently as last May - during the Windows Engineering Hardware Conference - Microsoft said it would release Longhorn in 2005.

The release dates is still fluid, though: "Longhorn is not a date-driven release," Gates cautioned. There are many technological necessities to address before a firm date is set. However, a beta version is set for release sometime during the first half of 2004.

Some have not had to wait for a peek at Longhorn. Software developers got to test drive an alpha version during the Professional Developers Conference in October of last year. Ivan Mayes, senior technical analyst for Humana, was one of the early Longhorn users. He told NewsFactor that this version of Windows is the "most impressive to date."

"They've clearly done their homework," Mayes said. "It is easier to manage and has a lot of additional functionality, as well as loads of customizable options - they've obviously been studying their Linux."

Gates also highlighted some of the fundamentals of Longhorn. He noted that essential security, such as personal firewalls and patch-management systems, will be enhanced to lock down Longhorn and make it easier to manage. There also will be a unified storage solution.

"Some of you have heard me talk about unified storage for 10 years," Gates joked, adding that Longhorn will be the realization of his quest. WinFS allows users to search for data across the local system, the network and Web services.

The design permits it to pull data from individual applications so that it can be stored in one central place and shared universally at the platform level. For example, contact and calendar information could be integrated with any number of applications.

Gates focused on the client, saying little about plans for a server version of the operating system. He did mention that the OS will include new versions of the client, server and Office. He also emphasized that PCs in 2006 will have the power and storage requirements to support Longhorn's new presentation system, called "Avalon"; a file system, called "WinFS"; Indigo, a Web-services communication bus built into the OS; and WinFX, the new programming model to succeed Win32.

Avalon will be a unified presentation model for Windows applications, Web applications and media, graphics, and animation.

Gates called Longhorn the "biggest release of the decade - the biggest since Windows 95." While excitement among developers and users builds towards a firm release date, it will be a team effort to achieve Longhorn's potential.

"When Longhorn eventually ships in 2006, it will mark a major transition in the client OS market similar to the DOS-to-Windows migration of the last decade," MetaGroup analyst Steve Kleynhans told NewsFactor.

# Gateway To Close All Retail Stores

Struggling PC maker Gateway (GTW) said Thursday that it plans to close all 188 of its retail stores and lay off 2,500 workers.

The stores will close April 9, Gateway says. Its computers will still be sold on Gateway's Web site and via phone.

"We're looking for any way we can to reduce our operating costs," says spokesman Brad Williams.

Gateway plans to provide more details when it announces first-quarter earnings April 29.

Gateway was the only major PC maker to run its own stores. That made it hard to compete with rivals, which didn't have the high cost of store employees and real estate. Gateway's overhead on PCs was often twice as high as rival Dell's, which sells mainly via phone and Internet, says Gartner Group analyst Martin Reynolds.

"The stores were an albatross around Gateway's neck," says U.S. Bancorp Piper Jaffray analyst Ashok Kumar.

Gateway has tried several times to remake itself since 2000. Attempts to boost sales by remodeling stores and adding more consumer electronics products failed.

Gateway's shares rose 23 cents, or 4%, to $5.63 in after-hours trading on the news, released after the market closed. "This should get Gateway back in fighting shape," says independent technology analyst Rob Enderle.

The closures were an expected part of Gateway's latest big restructuring.

Gateway, the No. 5 U.S. PC maker, announced plans to acquire No. 4 eMachines earlier this year. The merged company looks more like eMachines than Gateway.

EMachines CEO Wayne Inouye has replaced Gateway CEO Ted Waitt, who remains chairman. The merged company is moving to Irvine, Calif., near eMachines' current headquarters. (Gateway is based in Poway, Calif., about 80 miles away.)

EMachines sells mostly through third-party retail stores, such as Best Buy and Costco, which is cheaper than running its own. The method also shows off products to customers who are passing through to buy other products.

Although Gateway has not announced plans to sell PCs alongside eMachines', analysts who cover the industry expect that to happen any day. That would increase competition on store shelves, likely lowering prices, Gartner's Reynolds says.

# Free Web Mail: Here to Stay?

Web mail just wants to be free - unless you can be coaxed to pay, of course.

Public providers of e-mail delivered via any Web browser would much prefer that you pony up for their fee-based services, and they are making increasingly compelling cases for you to do so.

But Web mail is booming, with no less than 355 million accounts worldwide at the start of the year, estimates the Radicati Group, a market research company in Palo Alto, California. Two giants dominate the market: Microsoft's MSN Hotmail makes up 37 percent of the total and Yahoo Mail is 30 percent, says Marcel Nienhuis, Radicati senior analyst.

Both leaders say they are committed to offering free versions of their services - largely to keep a full pipeline of potential customers for those paid services. Moreover, while the no-cost offerings suffer from tight constraints on storage space, they are gaining slick new features.

"We've continued to make innovations in the interface and the infrastructure," says Larry Grothaus, MSN lead product manager. Most visibly, Hotmail rolled out usability improvements last fall, including a Today view that separates out the mail coming from your contacts. (To aid this process, you can import your contacts from Outlook or Outlook Express.) Behind the scenes, MSN is strengthening its efforts to improve measures against spam and viruses. Storage for a free Hotmail account remains limited to 2MB, however, and you can't send messages larger than 1MB.

Yahoo Mail is a tad more generous, with free accounts offering 4MB of storage and messages up to 2MB. In February the service added the capability to autocomplete addresses after you type the first few letters, much as Outlook and other client mail packages can do. In the fight against spam and viruses, "we now scan every single e-mail attachment that comes in," says Brad Garlinghouse, Yahoo vice president of communications products. Calendar functions are also available for free.

The two competing services have added a number of nice touches, such as printable views of messages and integration with their respective instant messaging software. Both also walk a thin line in terms of the obtrusiveness of the advertisements that support them. Last year Yahoo Mail reduced the number of ads it runs, which has worked out well for users and advertisers, Garlinghouse maintains. MSN's Grothaus, in turn, says that "we got rid of flashy, annoying ads because of customer complaints."

Given their enormous audiences, the two Web mail providers live in the center of the spam hurricane, fighting a daily battle against billions of incoming junk messages.

"The more spam we can keep off the network, the better performance will be for everyone," Grothaus notes.

While spam is the top issue with users, defining spam is difficult because the definition varies with the recipient, Garlinghouse says. Yahoo Mail and Hotmail each encourage users to mark what they consider spam, generating a flood of data back to the providers, which can tune their filters accordingly. Also, the services allow users to block addresses and stop HTML images from loading before they know the images are safe.

Among other steps, Hotmail works with Brightmail, a company that sets up dummy mail addresses and monitors what spam they collect. It adopted Human Interactive Proof technology (which makes you eyeball an image and pick out what it spells) to stop spammers from registering automatically via software.

The paid Yahoo Mail Plus service offers another twist. You can set up multiple addresses that you can handle differently within your account - dedicating one to your EBay dealings, for instance.

The Web mail giants won't disclose how many of their customers haul out their credit cards for e-mail. Industry analysts suggest the numbers are significant and growing.

"They try to make it pretty irresistible for people who use it each day to sign up for paid service," says Robert Mahowald, research manager for collaborative computing at IDC. "To me, $20 a year for e-mail is a good price."

"More and more people are opting to pay," agrees Radicati's Nienhuis. "Two megabytes of storage is almost nothing; you have to look at it almost daily to delete unnecessary messages." The paid services go far beyond basic e-mail, with group-collaboration features and other handy extras, he adds.

Hotmail Extra Storage comes in various plans that start at $20 a year for 10MB of storage, the ability to send 3MB attachments, and access via Outlook or Outlook Express. At the high end, you can pony up $10 a month for MSN Premium, which provides up to 11 accounts, calendar functions, antivirus software, and a host of other goodies.

Yahoo Mail offers plans starting with 10MB of storage (and 3MB attachments) for an annual fee of $10. Yahoo Mail Plus bundles in access to POP e-mail, local message backups, and other services at a cost of $30 yearly and up. Among other options, Yahoo also offers a Business Edition for small firms; at $10 a month, this gives you five e-mail accounts with 25MB of storage each and ownership of a domain name.

Given the spread of broadband connections and the availability of powerful Web programming tools, "the lines between Web mail and client mail are increasingly being blurred," Garlinghouse says.

And as it integrates more seamlessly with other applications, "e-mail is increasingly less about just sending and receiving messages, and more about life management," he adds. "It's a communications hub."

This trend is expected to accelerate. For instance, Garlinghouse says, "a very large number of the attachments we handle are photos. We want to make a better experience to manage and share them, and to order a print."

Web mail providers expect to continue investing heavily in measures for zapping spam and viruses. They'll push further into mobile devices, aiming to improve features and widen distribution on PDAs and smart phones. They'll watch for incoming technologies to integrate, such as the RSS (Real Simple Syndication) instant-notification standard.

And they'll keep offering free versions, probably with the current level of storage limitations.

"Web mail is a growing category," says IDC's Mahowald. "There will always be a market for Web mail, cheap or free."

## Google Introduces Free E-Mail Service

Google Inc. is introducing a free e-mail service to send a blunt message - the maker of the world's most popular online search engine is pulling off the gloves in its clash with high-tech heavyweights Yahoo! Inc. and Microsoft Corp.

The company unleashed the latest blow in a fierce fight for Web supremacy late Wednesday by promising to deliver 250 to 500 times more storage space than the market-leading e-mail services provided by Yahoo and Microsoft's Hotmail.

But there's a catch to the e-mail. Hoping to turn a profit from the service - dubbed Gmail - privately held Google has programmed its computers to dissect the topics being discussed in the e-mails and then deliver text-based ads related to the subjects.

For instance, an e-mail from one friend to another discussing an upcoming concert might prompt Google to include an advertising link from a ticketing agency.

"I don't think (the ads) will be annoying at all," Google co-founder Larry Page said during an interview Wednesday. "We think this will give us a business model that will work and allow us to provide a high-quality service."

Page said Gmail shouldn't raise serious privacy concerns because Google plans to closely guard the content of the e-mail messages. Ads are unlikely to accompany most e-mails, he said.

Gmail will offer 1 gigabyte of storage space, roughly 500,000 pages of e-mail. Gmail users will be able to receive up to 10 megabytes in a single e-mail - more than the free services of Yahoo and Microsoft's Hotmail allow to be stored in an entire mailbox.

Yahoo offers up to 4 megabytes of free e-mail storage while Hotmail provides 2 megabytes of free storage. Both services charge for additional space.

Gmail also will enable its users to type a keyword into a built-in search box to find information contained in their e-mailboxes within a matter of seconds.

For now, Mountain View, Calif.-based Google is only opening up the service to invited users but expects to make it accessible to everyone within a few weeks, Page said. People interested in signing up for an e-mail account are being encouraged to register at www.gmail.com.

Google's e-mail expansion is likely to escalate its mounting competition with Sunnyvale, Calif.-based Yahoo and Redmond, Wash.-based Microsoft.

While those two giants have been revving up their own search technology, Google has recently unveiled a series of improvements to protect its turf.

By offering e-mail, Google is now invading a space dominated by Yahoo and Microsoft's Hotmail.

Yahoo has 52.6 million unique users per month in the United States, according to a February survey by online research firm comScore Media Metrix. Hotmail is next, with 45.4 million users. AOL has 40.2 million users, but they pay monthly subscriptions.

Officials at Yahoo and Microsoft’s Hotmail division declined to comment specifically on Google’s entry into the new category. Yahoo released a statement promising to "continue to be an innovative leader by integrating and delivering new features that add value to people’s lives."

Google had been testing its e-mail service for about a year internally before deciding to offer it to the general public.

"We think e-mail is one of those things that is not as useful and as well organized as it should be," Page said. "People have been asking us to do this for a long time."

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